

The Organization of MISO States Executive Committee will hold a meeting by conference call, Tuesday November 30, 2004 at 2:00 pm (central time).

The call in number is 877-452-6418. The conference code is 701-328-2400 followed by the # sign. Board members who cannot attend the call should notify Bert Garvin to designate a proxy for this meeting.

Agenda

Attendance

Recognition of Proxies

Declaration of a Quorum

Call Meeting to Order

Approval of the Minutes of the October 28 Meeting – Bert Garvin, Secretary (See Minutes attached.)

Business Items

1. Update on IRS filing – Bill Smith

2. Attorney Solicitation Recommendations – Bert Garvin and Bill Smith

3. Discussion - Review dates of OMS filings in Dec. and January – Bill Smith

4. Discussion –Final Review of Stage 2-OMS Process for Approving Position Statements. Susan Wefald – See attachment. *Notes: The only change made as a result of the Board Meeting discussion was to Section 2. It now reads, “Board members or associate members may suggest language changes to the document at the Board meeting....etc.”*

**ORGANIZATION OF MISO STATES, INC.
EXECUTIVE COMMITTEE MEETING MINUTES
October 28, 2004**

Draft

Commissioner Susan Wefald, President of the Organization of MISO States, Inc. (OMS), called the October 28, 2004 Meeting of the OMS Executive Committee to order via conference call at approximately 2:05 p.m. (CDT). The following directors participated in the meeting:

Susan Wefald, North Dakota
David Sapper proxy, for Bert Garvin, Wisconsin
Diane Munns, Iowa
Steve Gaw, Missouri
Laura Chappelle, Michigan

Others participating in the meeting were:

Jennifer Easler, Iowa OCA
Randy Rismiller, IL
Jorge Valladares, KY
Kevin Holtsberry, OH
Mike Proctor, MO
Dave Svanda
Bill Smith, OMS

The directors listed above established the necessary quorum of three (3) Executive Committee members.

David Sapper offered a motion to approve the September 23, 2004 OMS Executive Committee meeting minutes as distributed. Diane Munns seconded the motion. By voice vote the directors unanimously approved the minutes as presented

Business Items

Update on Pricing Issues - Randy Rismiller

Randy Reported that on October 1 two competing proposals were filed:

1. Regional Plan
2. Unified Plan

Comments were not submitted by OMS but some states filed individually. States split on their positions.

- Illinois and Ohio supported the Regional plan
- North Dakota, Michigan, Wisconsin, Minnesota, Pennsylvania supported the Unified Plan. Also a few PJM states supported the Unified Plan.
- Reply Comments were submitted by different parties. At this point OMS awaits FERC action. FERC will eliminate Through and Out Rates December 1, 2004. And FERC should issue a pricing order before the Thanksgiving break.

RECB Process – MISO released its draft proposal in the middle of September for assigning costs of new facilities.

- The RECB Task Force members took a poll on the proposal. The vote at the time was yes – 16, no –23, abstentions –1.

- As a result of the vote, MISO decided to hold another RECB meeting November 3. (The original plan was for MISO to present its plan to MISO A/C November 17, but now that timetable is uncertain, because more time is needed (60-90 days) to reach consensus after the task force vote.)

At this point, President Wefald asked Randy what was it about the MISO proposal that caused it to be voted down. Randy summarized the proposal and opposition.

- The proposal described MISO's planning process which in itself did not engender opposition.
- The planning proposal addresses two types of transmission upgrades: reliability and economic.
 1. Reliability Upgrades- Cost allocation would proceed as it currently does: effectively allocating cost to transmission customers in whose zone the transmission facility was built.
 2. Economic Upgrades - If facilities are significant enough, a cost benefit analysis will be done. MISO would then determine the potentially benefiting parties. Once MISO identifies the potentially benefiting parties, they negotiate among themselves on cost assignment. If they agree, a tariff filing will be filed with FERC. If they don't agree, the dispute will go to binding arbitration. The Arbitrator will then determine what will be filed at FERC.
- Cost allocations related to Generator Interconnections are defined as "reliability" upgrades.
- Economic is defined as "not needed" for physical reliability standards and not needed for generator interconnection requests.

President Wefald asked who would be participating in the November 3 meeting of the RECB. Mike Proctor indicated he would be participating. The meeting will be a webcast. Details will be available on the MISO web site.

- Bill Smith asked that more OMS board members get behind whatever statements Randy and Mike make with MISO concerning pricing issues. Randy has asked Bill VanderLaan to prepare a summary of the November 3 meeting for him while he is on long term leave. He'll see that OMS Board members receive this report before the November 10 OMS board meeting. (Serhan Ogur will also replace Randy on other issues.)

Diane Munns spoke about the principles OMS must have on over-all agreement on cost allocation. President Wefald then asked Bill VanderLaan to reiterate the OMS Pricing Principles at the November 3 meeting. Randy Rismiller then spoke to the matter of pricing principles, suggesting that the train has already moved too far down the track to simply be able to use the principles.

The RECB proposal for economic upgrades doesn't fit the protocol related to generator interconnection, transmission service requests and the upgrades associated with normal reliability needs. Whatever happened to the concept of reliability in the Mapp region? Randy is unfamiliar with that protocol. MISO has in the past allocated the cost to the zone where the transmission facilities are built. Mike Proctor referred to "cost causer" pays. His sense of RECB is that all MISO wants to look at is economic projects. MISO attachment "N" - a difficult document to read - says the cost of the upgrade is probably relegated to the "requester" -- but that doesn't deal with the beneficiaries test.

President Wefald asked Randy for a summary of his notes to be sent to the OMS board. Randy said the message he sent to his Pricing Work Group the morning of October 28 included a notice of the November 3 Meeting, MISO's tally of the votes, MISO's summary of the outstanding issues, plus the comments that were made in association with the vote. Randy felt that looking at these documents, would help determine which issues were still unresolved. President Wefald directed Randy to send the message to Bill Smith who would forward it to the membership to talk about it

with their staff members. Diane Munns then asked if there had been a meeting of the Pricing Group. Randy had indicated there had not. Diane Munns reiterated the need for pricing principles.

Randy is uncertain as to where OMS wants to make its major stand. OMS thinks it should have some participation on the RECB group. After Lisa Pappas suggested sending OMS Pricing Principles to Jeff Webb, Randy indicated they'd been sent to him six months ago. RECB believes its proposal is in agreement with OMS principles, but Randy Rismiller did not concur.

Steve Gaw feels we ought to reiterate to MISO the guiding principles. President Wefald suggested that with both Bill VanderLaan and Mike Proctor on the November 3 call, the report should go out to all members with recommendations as well.

2. Review dates of the next round of OMS Comments (November and December)

Bill Smith presented the board a list of dates for probable comments in the next two months.

- NOI Comments will be submitted to the FERC after the November 10 OMS Board meeting.
- President Wefald asked Bill to explain about the Strawman proposal listed on the schedule for the Data Access Issue.
- Diane Munns expressed concern at filing NOI comments late.

3. Attorney Solicitation Proposal - Bill Smith and Bert Garvin

Proposal will not be discussed at this meeting, but will be on the next OMS Executive Meeting agenda.

4. OMS Annual Meeting December 9 - Speaker Suggestions - Susan Wefald

President Wefald asked if anyone had a suggestion for a speaker.

- Bill Smith suggested the new MISO Readiness Advisor.
- Diane Munns suggested that the meeting not be overly filled with presentations.
- She said she would like to hear the work groups talk about their activities and plans.
- David Sapper suggested the Market Monitor.
- Bill Smith offered and Steve Gaw concurred that OMS may want to look ahead to see if work groups need to be re-configured, especially with the new market starting.
- Diane Munns suggested President Wefald provide a "state of the OMS": what things have worked and where we need to focus in the future.
- Diane Munns also suggested a draft agenda for the executive committee to see if process issues need to be added.

5. Discussion of Draft of new Stage 2 Process for Approving Position Statements (additional item added 10/26/2004)

President Wefald read the highlighted passages of Stage 2 from the document which had been sent to the Executive Committee for discussion. After comments by the committee, President Wefald indicated she would make changes to the document and have it ready for the OMS Board Meeting, November 10. Laura Chappelle suggested OMS institute a consistent document revision method.

Update from Executive Director - Bill Smith

- OMS Budget Approval by MISO - MISO's budget approval process is underway. Jo Biggers received the OMS budget and had no questions.
- RTO 101 - Contracts are nearly done and have been dated for RTO 101 to begin November 1. Members can begin scheduling RTO 101 after November 1 by contacting Bill Smith. He will put them in touch with John Chandley, who will try to accommodate the dates states request, and the types of module presentation they prefer.

Announcements

- **Next OMS Executive Committee Meeting November 30 at 2:00 pm.**

Meeting adjourned at 3:25 pm (cdt)

Organization of MISO States

Process for Approving Position Statements for FERC and MISO

Goals:

Approved 10/14/04

- 1) Help states form positions on issues
 - a. Perform thorough analysis of issues
 - b. Test differences and sharpen analysis through discussion of differences in order to gain better understanding of the issues
- 2) Express collective position of states to decision maker
 - a. Build consensus when possible
 - b. Allow parallel presentation of contrasting viewpoints

Stage 1 – Working Group Preparation of an Issues Document

Approved 10/14/04

Section 1- Assignment of topics to a Working group, or Working groups:

The OMS Executive Committee assigns all new topics to either an existing working group or to a new working group when needed. When a topic in an active docket has already been assigned to a working group, the Executive Director (ED) is authorized to make follow-up assignments. As time is of the essence in such cases, the ED shall timely make such assignments and shall immediately inform the Executive Committee. The ED may delegate this responsibility as necessary.

Section 2 - Review of OMS Work Plan by Executive Committee:

The ED shall include in his/her monthly report, or as necessary, a list of FERC and MISO (or other) actions expected in the coming 60 days that may require Working Group assignment. The Executive Committee shall review the list of action items provided by the ED each month and shall direct the ED to give early warning of possible assignments to OMS working groups. The ED shall inform the Executive Committee, via electronic mail, of the completion of such notifications.

Section 3 - Approving the Timetable for Issues Documents:

Providing the greatest possible lead time, the ED, in consultation with the president, will prepare a schedule which outlines a time line of when document issues must come to the OMS Board's attention. The schedule shall include the date that the Board decides issues that will be included in the document, the date that first (and second drafts when possible) will be shared with the membership, and the date that the board will be taking final action on the document.

The Board of Directors will approve the time line of when document issues must come to the OMS Board's attention. Board members are encouraged to note key dates and work to facilitate appropriate action by their Commission so that Board members can vote on the document.

The Board schedule will include a board meeting when Commissioners determine what issues will be included in the document, and give general policy direction to the working groups. Working groups are encouraged to develop "principles" or a short outline that the Board can consider as it advises on policy direction. *Exceptions: Sometimes proceedings that OMS wishes to comment on may have a very short timeline. In these situations, the board may not have time to take these all the above steps. In those situations, the board will determine how it wishes to proceed.*

Section 4 - Preparation of the Issues Document:

Working groups, which are involved in the document, will encourage members to volunteer to write sections of the issues document. Assignments should be reported to the ED of OMS.

Working groups shall promptly set up their own internal schedule to review all sections of an issues document. The working group's internal schedule must coordinate with the Board's approved time line of when document issues must come to the OMS Board's attention. (see above) The ED shall track Working Group progress and, in the event he/she becomes concerned that progress is inadequate, shall first consult with the working group chair. If such consultation fails to resolve the problem, the Executive Committee shall be informed immediately.

Working groups shall strive for consensus. When working groups know there are strong differences that should be expressed on a specific issue in the document, comments reflecting two or more positions may be developed by the working groups.

All members of a working group shall have the opportunity to read a "draft" section of an issues document, and offer suggestions and changes at least once prior to submittal to the Executive Director for inclusion in an OMS document. If more than one work group is assigned to work on an issue, each working group must have an opportunity to read a "draft" section and offer suggestions and changes at least once prior to submittal to the Executive Director for inclusion in the OMS document.

When two or more working groups have provided sections of the draft documents, the ED shall assure the internal consistency of the completed document, whether draft or final.

The chair or chairs of the working groups involved shall submit the document to the ED in a timely manner.

The ED will only include information in issues documents that follows the procedure outlined in this section "Preparation of the Issues Document." *Exceptions: There may be situations when short timelines, or other factors, do not allow all steps of this process to take place. The ED should then note, in an attachment to the draft document, which steps have not taken place in preparation of the document.*

Stage 2– Board Discussion of the Document, Including Proposed Changes.

Section 1

The Executive Director will submit to the Board, in a timely manner, the final version of a working group issues document. If all of the steps of the process outlined in Stage 1 have not been able to be followed, the ED should then note, in an attachment to the issues document, which steps have not taken place in preparation of the document.

Section 2

Board members or associate members may suggest language changes to the document at the Board meeting, and are encouraged to circulate them to membership, before the meeting, to facilitate good understanding of the language changes proposed. Since the Executive Director has the most up to date e-mail list, Board members are encouraged to send proposed changes to the ED for circulation, and are also encouraged to "track" all changes to a final working group issues document.

Section 3

The Board will decide how it wishes to discuss proposed changes to the document. For example, does it wish to proceed page by page or section by section through the document and have the presiding officer ask if there are any questions or suggested changes and discuss and vote upon suggested changes individually? Or does the Board wish to start with a “new” revised version of the document, which includes several changes?

Stage 3 - Voting Process

Approved 8/12/04

Section 1

All members are encouraged to vote on the final document rather than to abstain. If procedural reasons preclude a member from voting, members are encouraged to state this at the beginning of the discussion of the document.

Section 2

Members who have to abstain in the vote on the final document are encouraged to share their thoughts in the discussion of the issues, so that OMS members have as complete an understanding of the issues as possible prior to voting.

Section 3 - Voting on different points of view within a document

If discussion and study of issues documents brings forward more than one point of view on a specific issue *within the document*, board members may be asked to indicate which position they favor. The first priority will be to work to develop consensus language on these specific issues *within the document*. If consensus language can not be adopted, varying positions would be fully explained including the basis for any differences. The document will indicate which states favor specific positions. The goal of the document is to reflect differences in a positive manner in order to provide as much information as possible to the recipient of the final document.

Section 4

Only members present at the meeting, by proxy or in person, may vote on an issue document. States not present at the meeting may choose to sign on to the final document within a reasonable period of time, but may not propose any changes to the document.

Section 5

Some members may need time after the board meeting for procedural reasons to confirm their vote. The Board may grant members up to 24 hours to confirm their vote with the Secretary and the Executive Director, depending on the filing schedule.

Members who are granted up to 24 hours, may confirm or change their vote within that timeframe but may not propose any changes to the document. The final vote will not be determined until the members who have been granted up to 24 hours have confirmed their vote.

Stage 3 - Filing of Comments

If the final vote reflects that a majority of members wish to file the comments, the comments will be filed.

Long Term Transmission Pricing

November 19 FERC decision issued
December 20 Rehearing due

Data Access

Sept 30 - FERC granted extension to January 28
November 30 Next meeting with stakeholders
December 8 Presentation to Advisory Committee
Mid-December Filing target
Late December or early January Comments/protests will be due

FTR Allocation

November 22-30 Tier 1 nominations

Market Readiness

January 28 OMS report on market readiness

Financial Reporting and Cost Accounting for RTOs (NOI by FERC)

November 15 - OMS Comments were filed at FERC

FERC orders (rehearing deadline is 30 days after issuance)

November 8 Rehearing order on Energy Market Tariff, Docket ER04-691, was issued
November 19 Order on JOA in Docket ER04-375 was issued
_____ Order on October 5 compliance filing, Docket ER04-691, to be issued

Possible MISO filings (comment date is usually 20 days after filing)

November 1 Compliance filing on reactive power was made
November 15 "Carve-out" filing explaining how MISO intends to administer GFA carve-outs
December 1 Status report 90 days before startup of energy market
Mid-December MISO to file 2005 annual budget
December 30 PJM and MISO to file JOA refinements

Other Dates To Note

December 8 MISO Advisory Committee
December 9 OMS Annual Meeting in Carmel